

## DEPARTMENT PHILOSOPHY

The department's income budgeting policies are designed to support financial self-sufficiency by encouraging families to pursue all available means of income. We offer deductions from earned income so that families are financially advantaged by working. Staff should stress to clients the advantages of obtaining outside income.

## DEPARTMENT POLICY

### FIP, RCA and SDA Only

Financial need must exist to receive benefits. Financial need exists when the certified group passes the **Qualifying Deficit Test**, **Issuance Deficit Test** and the **Child Support Income Test**.

**Exception:** A Qualifying Deficit Test is not required for RCA and SDA groups.

**Exception:** A Child Support Income Test is not required for RCA and SDA groups.

At application, Bridges performs the qualifying deficit test by subtracting budgetable income from the certified group's payment standard for the application month; see BEM 515.

To perform the issuance deficit test, Bridges subtracts budgetable income from the certified group's payment standard for the benefit month.

To meet the child support income test, the FIP group's countable income plus the amount of certified support (or amount of support to be certified) must be less than the certified group's payment standard.

**Note:** The income of disqualified EDG members is countable.

The benefit month is the month an assistance payment covers. At application, the months subject to the qualifying deficit test are the first two application months in which the group could be eligible for an assistance payment. The income month is a calendar month in which countable income is received or anticipated. The income month is the same as the benefit month or application month.

Countable income is defined in BEM 500. Available income, the amount of income to budget and when to complete a budget, are defined in BEM 505. Bridges uses policy in this item to determine the budgetable income and financial eligibility.

### **RCA Only**

See RMA Extended Medical Coverage in BEM 630 for recipients who lose eligibility due to excess income.

## **CHILD SUPPORT**

### **FIP Only**

Certified support means court-ordered support payments sent to the Michigan Department of Health and Human Services (MDHHS) by the Michigan State Disbursement Unit (MiSDU). Bridges excludes from the deficit test the amount of collections retained by the MDHHS.

### **Voluntary/Direct Support**

Voluntary and direct child support are countable in the eligibility determination. At application Bridges excludes up to \$50 received from either in the benefit month.

The group has a standard monthly gross certified amount of \$40. They also receive \$30 each month in voluntary support. Bridges excludes \$10 of the voluntary support (\$50 minus \$40).

**Exception:** Exclude any portion of a payment which a court order or other legally binding agreement requires to be sent directly to the group's creditor or service supplier; see BEM 500.

## **FINANCIAL NEED**

### **FIP Only**

Financial need exists if:

- There is at least a \$10 deficit after income is budgeted in the issuance deficit test.
- The group passes the child support income test.

If the group fails either test, the group is ineligible for assistance. Certify FIP denial or closure in Bridges for the benefit month unless

the group meets the conditions for temporary ineligibility or extended FIP.

**Exception:** At application, the certified group must have a deficit of at least \$1 in the qualifying deficit test to be eligible for FIP. If the certified group fails this test, certify the FIP denial in Bridges.

### **RCA and SDA Only**

Financial need exists if there is at least a \$10 deficit after income is budgeted.

If there is no deficit, the group is ineligible for assistance. Certify denial or closure in Bridges for the benefit month unless the group meets the conditions for temporary ineligibility.

### **FIP, RCA and SDA Only**

At application, if the group is ineligible due to excess income but a change is expected for the next benefit month, process the second month's benefit determination. If eligible, do not deny the application.

Determine eligibility for medical programs as part of the closure/denial process; see BEM 105 and 640.

## **Qualifying Deficit Test**

### **FIP Only**

At application, Bridges compares the budgetable income using the qualifying earned income disregard for the income month to the certified group's payment standard for the application month. The group is ineligible for the application month if no deficit exists.

## **Issuance Deficit Test**

### **FIP, RCA and SDA Only**

Bridges compares budgetable income for the income month using the earned income disregard to the certified group's payment standard for the benefit month. The group is ineligible for the benefit month if no deficit exists or the group has a deficit less than \$10.

## Child Support Income Test

### FIP Only

A child support income test is required only when the group has certified support of more than \$50. Bridges automatically completes a child support income test whenever a deficit test is required and whenever a change in the amount of certified support is expected to continue.

To complete a child support income test, the group's total voluntary/direct support amounts are added to the gross monthly certified amount (for applicants, this includes the amount **to be** certified).

Up to \$50 from this amount is excluded. The result is added to the group's net earned and other unearned income. Any support paid for persons not in the home is deducted from this total. The resulting amount is compared to the eligible group's payment standard. If the result is equal to or greater than the certified group's payment standard the group is **not** eligible for assistance.

### *Grant in Jeopardy*

Bridges compares the approved ongoing FIP grant amount to the reimbursement and certified support when it is recorded in the MiSDU. The unearned income record is created and eligibility is determined prior to the negative action cut-off date to affect the next month.

FIP cases that close due to child support exceeding the FIP grant are reported to the worker to record the direct support in Bridges that will now be decertified.

## BENEFIT AMOUNT

### FIP, RCA and SDA Only

A deficit of at least \$10 is required to receive a cash benefit. If the deficit is less than \$10, no financial need exists and the group is not eligible to receive benefit. Bridges will deny or close the program.

## Temporary Ineligibility

Case closure is **not** required if all the following conditions exist:

- Ineligibility will exist for only one month because the conditions resulting in excess income are **not** expected to recur in the following month, **and**
- The group is currently active for FIP, RCA or SDA, **and**
- The group failed the qualifying deficit test or the issuance deficit test.

Suspend benefits by checking the *TempInelig* check box on the Bridges Certification screen. The group remains active and does **not** have to reapply for benefits.

Temporary ineligibility is limited to one month.

## INCOME DEDUCTIONS

Income deductions are available at both the member and the group level. Apply deductions in the order they are presented in this item.

### Qualifying Earned Income Disregard

#### FIP, RCA Only

At application, deduct \$200 from each person's countable earnings. Then deduct an additional 20 percent of each person's remaining earnings. The total disregard cannot exceed countable earnings. Apply this disregard separately to each program group member's earned income.

### Issuance Earned Income Disregard

#### FIP, RCA and SDA Only

Deduct \$200 from each person's countable earnings. Then deduct an additional 50 percent of each person's remaining earnings. The total disregard **cannot** exceed countable earnings. Apply this disregard separately to each program group member's earned income.

### Paid-out Support

Deduct the amount of court-ordered support payments including arrearages expected to be paid by the program group from the group's total countable income. Deduct payments made for children not in the home. Deduct legally obligated child support paid to an

individual or agency outside the household, for a child who is now a household member, provided the payments are not returned to the household. Process reported changes and convert ongoing payments to a standard monthly amount using policy in BEM 505.

### **Spousal Deduction**

#### **SDA Independent Living Only**

If both spouses are in the program group but only one is eligible (example, other spouse is not disabled or is not a caretaker), deduct \$149 from the program group's total countable income.

### **VERIFICATION REQUIREMENTS**

Verify child support payments paid by the group at opening, redetermination and when a change is reported that will continue into the second month after the report month; see BEM 505.

### **LEGAL BASE**

#### **FIP**

P.A. 280 of 1939, as amended  
MCL 400.57 et seq.  
Annual MDHHS Appropriations Act

#### **RCA**

45 CFR 400.66

#### **SDA**

Annual MDHHS Appropriations Act